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## Poland

### Product Brief

### Dairy Genetics

**2002**

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#### **Report Highlights:**

**With annual demand for semen estimated at 3.2 million doses, the potential market for U.S. genetics is strong. In 2001, imports accounted for 2-2.8% of the total semen used in Poland. U.S. genetics constituted 35% of all imports in 2001 and have already supplied 30% of the imports in the first four months of 2002. Poland's probable EU accession is pushing producers to comply with new guidelines, promoting AI procedures to increase herd health and size. However, market access constraints are preventing a greater increase in U.S. genetic exports to Poland.**

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## Section I. Market Overview

The Polish dairy industry is currently going through vast changes as European accession approaches. The current average size of a dairy operation is 15 acres, with an average of 10-15 head of dairy cattle per farm. There is a movement for dairies to be larger in size and fewer in number, one of the many changes that will occur with Poland's EU membership. Due to lack of superior genetics, Polish dairy production per cow is lower than in most surrounding countries.

Advantages	Disadvantages
Polish dairies are increasing practices of artificial insemination and view U.S. genetics as superior; 30-35% of total imports originate in the United States.	Preferential subsidies are allocated to the lower genetic value, domestically produced semen.
Utilizing superior genetics is the best method for Polish dairies to increase size and production	High cost of registration and laboratory tests of imported semen
Semen imports have been showing overall growth in the industry since 2000.	Lack of precise definition and uniformity in government policies for foreign supplying countries regarding breeding value standards for imported semen remains a problem

## Section II. Market Sector Opportunities and Threats

### 1) Entry Strategy

The best entry strategy for new exporters is through established companies on the market. More details and lists of current exporters can be obtained from the Office of Agricultural Affairs Office in Warsaw.

### 2) Market Size, Structure, Trends

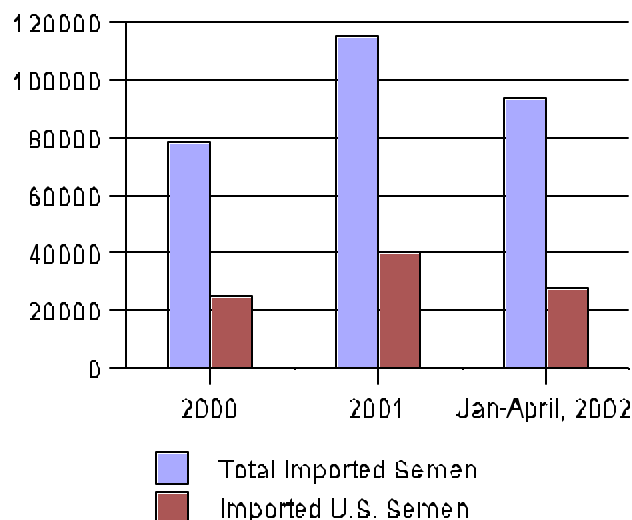
Current dairy cow inventories are 3,130,000. Since 1990, there has been a systematic decline in the number of dairy cattle, causing a decrease in milk production and dairy product consumption. It is estimated that current annual output of milk exceeds 11 million tons, resulting in 20-25 percent of the dairy processing industry and potential product market unutilized.

The best way to increase total milk output is by genetically improving the existing herd and improving feeding and management procedures. These practices ensure development of a higher individual yield per cow. It is especially important in light of Poland's near future EU membership, reinforcing the need to adjust to EU production standards.

According to AI company representatives, 62% of the cattle population is under AI service. In 2001, imported semen accounted for 2-2.8% of the total number of semen doses used in Poland.

Poland produces bull semen in three AI stations and substations. The annual demand for semen is estimated at 3.2 million doses, provided that 62 percent of every 3.13 million cows are artificially inseminated and the efficiency rate of AI calculates to 60 percent. In 2001, Poland imported 115,000 doses of bull semen, with 35% originating from the U.S. In the first four months of 2002, 28,000 (30%) of the total estimated 94,000 doses imported, were from the United States. In addition to semen imports, Poland imported five hundred U.S. bovine embryos, worth \$200,000 in 2000. Most of the semen imported by Poland from the U.S. is used for insemination of cows as "bull mothers." Selected bull calves born from these matings are then tested on their breeding value. After evaluation, they are used in AI stations for production of semen needed by commercial dairy herds. The system of bull evaluation and testing is generally criticized and considered imprecise, which stems from the limited number of cows participating in the milk recording system in Poland. Lack of substantial genetic progress and increase of the average annual milk yield per cow (3,700 kg (8,140lbs) in 2000 compared to 3,151 kg (6,932 lbs) in 1990), proves inefficiency of existing cattle breeding policy programs. The low milk yields of Polish cattle also result from low levels of nutrition and management.

**Figure I. Doses of Imported U.S. Semen**



Source: Bull-Semen Customs Agency

Rapidly increasing milk processing yields is in the best interest of Polish farmers, as high yielding cows are more economically efficient, allowing for specialization of production. High yields also benefit consumers by providing a higher level of competition, resulting in more reasonable prices, and increasing the availability/consumption of dairy products. It is also advantageous to Poland's economy, enabling it to maximize the capacity of the dairy industry and increase exports of dairy products. In addition, future growth of total milk production through an increase of cow inventories is impossible, as cows managed in poor conditions are not competitive with other more profitable branches of agricultural production.

### 3) Company Profiles

American Breeders Association, Cooperative Resources International, and World Wide Sires are the leading U.S. semen importers. In addition, there are over 10 other companies importing semen from the Netherlands, Canada, and France. The U.S. has been the leading importer in terms of value (USD) since 1999.

**Table I. Poland's Imports of Semen (Value \$1000 USD)**

Country	1999	2000	2001
United States	353	119	326
Netherlands	115	111	125
France	220	86	114
Canada	0	92	88
Total	688	447	751

## Section III. Costs & Prices

The majority of Polish producers choose to hire technicians for AI service. Importers offer a wide price range for producers, spanning from 33 zlotys to 100 zlotys (\$8-\$24). However, domestic semen continues to dominate the market because it offers a lower cost to producers, ranging from 25 to 30 zlotys (\$6-\$7.20).

Importers of U.S. semen are charged a 5% duty fee, while EU semen is charged 0%. Poland's probable accession to the EU in 2004 will benefit U.S. semen importers, decreasing the current 5% duty to 0%.

## Section IV. Market Access

The National Center for Animal Breeding (NCAB) supervises the AI industry, allocates subsidies to the breeding program, is responsible for milk recording system, keeps herd books, controls imports of cattle genetics and creates cattle breeding policy. NCAB reports directly to the Ministry of Agriculture. AI stations which were privatized still maintain strong ties with NCAB in the form of NCAB subsidies and procedural requirements.

Access to the Polish market is limited due to various mandated procedures. Current policy is based on restrictive opinions of the NCAB and implements norms higher than world standards for semen

concentration. Young, unproven bulls are banned from importation. In addition, overall market access is limited because all semen must be distributed through existing AI centers.

The following describes the procedure for semen importation:

1. Preliminary opinion of the Center of Animal Breeding about breeding value of the bull.
2. Preliminary decision about storage place (County Vet)
3. Decision from the Agricultural Market Agency (permit for import)
4. Information about importation of the product (border vets)
5. Customs clearance (border)
6. Veterinary inspection (border)
7. Veterinary tests
8. Biological tests (Institute of Animal Husbandry- Balice)
9. Final decision allowing storage of semen (County Vet)
10. Certificate confirming that veterinary and biological requirements are met  
(Institute of Animal Husbandry - Balice)
11. Decision allowing for use in Artificial Insemination (AI)- Ministry of Agriculture
12. Final opinion of the Center of Animal Breeding about breeding value of the bull  
(First 100 Type Production Index (TPI) list)
13. Imported bulls receive official breeding numbers (Center of Animal Breeding)

The most restrictive of these procedures for U.S. product is number 12, which restricts U.S. imports to the top 100 Type Production Index (TPI). Given the variability of livestock genetics import policies among EU member states, it is possible that Poland's government could maintain its existing genetics system following its hoped for EU accession in 2004. Meanwhile, live breeding animals imported from the U.S. would be blocked upon accession by restrictive EU veterinary requirements.

## **Section V. Key Contacts and Further Information**

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